

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials and Vendors

FROM: Barry Wood, Assessment Division Director *ABW*

RE: 2012 Reassessment Guidance - Redistribution

DATE: September 8, 2011

In March 2010, the Department of Local Government Finance ("Department") issued guidance ([http://www.in.gov/dlgf/files/100318 - Wood Memo - 2012 Reassessment Guidance.pdf](http://www.in.gov/dlgf/files/100318_-_Wood_Memo_-_2012_Reassessment_Guidance.pdf)) on the 2012 general reassessment. With the March 1, 2012 reassessment date fast approaching, the following key points and benchmarks are reiterated and must be considered and met to ensure the reassessment is completed in a timely manner:

General Concepts:

- *Purpose:* To produce accurate and uniform values throughout an assessment jurisdiction and across all classes of property.
- *Place:* Real property is assessed at the place where it is situated. Per IC 6-1.1-2-4 (b) and (c), real property is assessed to the person liable.
- *Reassessment Principles:* The Indiana Constitution, the statutes of the Indiana General Assembly, and case law by the Indiana Courts (including the Indiana Tax Court and the Indiana Supreme Court) are the foundation of the reassessment. It does not ensure absolute and precise exactitude as to the uniformity and equality of each individual assessment.

Examination of Buildings/Physical Inspection:

- An assessing official may, after first making known his/her intention to the owner or occupant, enter and fully examine all buildings and structures that are located within the township or county and that are subject to assessment.
- Property characteristic data must be updated in response to changes from new construction, new parcels, remodeling, demolition, and destruction.
- All property characteristics must be inspected and verified during the visit to the property.

Land Values:

- Not later than July 1, 2011, and every fourth year thereafter, the assessor determining the land value is required to submit the values to the County Property Tax Assessment Board of Appeals ("PTABOA").

- If the county assessor fails to determine land values before the July 1st deadline, the PTABOA shall determine the land values.
- If the PTABOA fails to determine land values before the land values become effective, the Department determines the land values.

Key Dates:

- If the county assessor starts the physical inspection process *before* July 1, 2010, he must later confirm property data from July 1, 2010 to March 1, 2012 with:
 - A follow-up property visit;
 - Review of county building permit records with a follow-up property visit, if necessary; or
 - Use of aerial photography (e.g., Pictometry).
- Assessments of parcels subject to taxation must be completed as follows (Note: If a county employs a professional appraiser or professional appraisal firm, the same dates apply; however, the professional must file appraisal reports to the assessor):
 - (1) One-fourth ($\frac{1}{4}$) of parcels before December 1, 2010.
 - (2) One-half ($\frac{1}{2}$) of parcels completed before May 1, 2011.
 - (3) Three-fourth ($\frac{3}{4}$) of parcels completed before October 1, 2011.
 - (4) All parcels completed before March 1, 2012.
- When the assessor assesses/reassesses any real property, he must give notice to the taxpayer, by mail, of the amount of assessment/reassessment (e.g., Form 11). Note: IC 6-1.1-4-22 states the notice shall be given by mail; hence, other forms of delivery (e.g. electronic posting on a website) would not constitute giving notice/is not permissible.
- During the period of a general reassessment, each township or county assessor shall mail the required notice of assessment within ninety (90) days after the assessor:
 - (1) completes the appraisal of a parcel; or
 - (2) receives a report for a parcel from the professional appraiser.

Equalization:

- The purpose of equalization is to establish procedures and standards in the adjustment of assessed valuations under IC 6-1.1-13 to attain a just, equal, and uniform basis and level of assessment among taxpayers in a county and from county to county.
- Per 50 IAC 27-2-6, "Direct equalization" means the process of converting ratio study results into adjustment factors and changing locally determined assessed values to more nearly reflect market value-in-use or the legally required level of assessment.
- County assessors shall perform equalization before tax bills are sent based on values generated by a general reassessment.
- The Department may propose to equalize valuations in any county, between counties, or in the state as a whole, in any one (1) or more of the classes of property. The Department shall issue notice and provide opportunity for a hearing in accordance with IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing a final equalization order.

Final Steps to be Taken:

- The assessor (or the contracted vendor) shall apply the updated cost information to establish a new replacement cost.
- The Location Cost Multiplier shall be applied. The assessor may develop their own multiplier or they may use the multiplier established by the Department.
- Depreciation should be updated and applied. **For the March 1, 2012 assessment date, the Depreciation Schedule will remain the same; however, the depreciation schedule may change for the March 1, 2013 assessment date.**
- Obsolescence should be reviewed.
- The updated land values should be applied.
- The new value (replacement cost new less depreciation) plus land should be compared with sales in the neighborhood or market area. If needed, a neighborhood factor shall be applied to establish the market value-in-use.
- A ratio study should be completed to ensure the assessed value closely approximates the market value-in-use.
- Sales used in the ratio study must be screened to ensure they reflect market value-in-use of real property transferred. Note: Per IC 6-1.1-5.5-4.5 (a)(2), money in the sales disclosure fund may be used for the verification of the information contained on a sales disclosure form.
- The valuation date for the 2012 general reassessment is March 1, 2012.
- The assessing official shall use sales of properties occurring during a period of time from March 2, 2010 through March 1, 2012 for the March 1, 2012 general assessment date.
- Sales occurring before the valuation date of March 1, 2012 shall be trended for time, if appropriate, in accordance with the IAAO *Standard on Ratio Studies* (July 2007).
- Once the ratio study has been approved, the assessor shall roll their assessed values to the County Auditor (per IC 6-1.1-5-14, this should be done by July 1st).

Appeals:

- Generally, after the general reassessment, there is an increase in the number of appeals filed.
- The assessor should have an appeal tracking process (see [http://www.in.gov/dlgf/files/100201 - Wood Memo - Assessment Appeals.pdf](http://www.in.gov/dlgf/files/100201_-_Wood_Memo_-_Assessment_Appeals.pdf)) to ensure all appeals are addressed in a timely manner.
- Per IC 6-1.1-15-1 (c), to obtain a review of an assessment, the taxpayer must file a notice in writing with the county or township assessing official not later than 45 days after the date of the notice.

If you have any questions, please contact Barry Wood at Bwood@dlgf.in.gov or 317.232.3762.